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ABSTRACT

This paper addresses the potential impact of Temporary Assistance for Needy Families (TANF) on the incidence of child maltreatment. Potential risks include maltreatment related to poverty, loss of benefits because of sanctions or time limits, and problems finding child care. While the total number of substantiated cases of maltreatment decreased in 1999, the estimated number of children in foster care grew significantly. This may demonstrate that TANF is having no negative impact on the rates of child abuse and neglect, or it may reflect alternative case handling. Research raises red flags suggesting that policies adopted under TANF may be increasing children's risk of maltreatment. For example, grant reductions are associated with increased entry into child welfare; subsequent employment in light of welfare losses may influence the likelihood of Child Protective Services involvement; increased proportions of working single mothers are associated with increased rates of neglect; and a comprehensive package of welfare reforms may increase maltreatment rates. Recommendations include focusing TANF on the reduction of child and family poverty and considering additional measures of welfare reform's success. Three appendices present an overview of TANF, major child welfare programs, and child welfare provisions in the 1986 welfare law. (SM)

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Red Flags:

Research Raises Concerns About the Impact of "Welfare Reform" on Child Maltreatment

By

Rutledge Q. Hutson

October 2001

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Introduction

In 2002, Congress must reauthorize the nation's welfare program, Temporary Assistance for Needy Families (TANF). As the reauthorization debate gets underway, there are likely to be many discussions about various impacts of the law. A critical component of those discussions ought to include consideration of the law's impact on children and their families.

There are many ways in which TANF could influence the well-being of children and families. One way is through TANF's effects on the incidence of child abuse and neglect. Aside from increasing or decreasing maltreatment,[1] TANF could influence the child welfare system and its ability to respond to the needs of vulnerable children and families by: enhancing or diminishing funding for child welfare services; encouraging or discouraging collaboration between child welfare and TANF agencies, and expanding or limiting services available to kinship care families. This paper addresses only the potential impact of TANF on the incidence of child maltreatment.[2] The goal is to clarify what the research reveals about whether welfare reform generally, and TANF policies and programs in particular, have increased or decreased child abuse and neglect. In order to understand the ways in which TANF might impact the incidence of child abuse and neglect, it is important to understand the social policy changes that have occurred in the last five years.

[1] The term maltreatment is used in this article to refer to child abuse and/or neglect.
[2] Additional papers addressing the other three issues are planned for release over the next year.

What is the Current Social Policy Context?

In the last decade, a sea change in provision of social services has occurred. In many respects the new policies have rested on the premise that, as a society, we should aid vulnerable families, but that the assistance should be time limited, so that families will move on to provide for themselves and meet their own needs. This philosophy has played out slightly differently in the public assistance and child welfare systems, but its influence can be seen in both systems.

With the adoption of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,[3] the Aid to Families with Dependent Children (AFDC) program, which long guaranteed aid to very poor children and their families, was repealed and replaced with the TANF program.[4] With limited exceptions, federal cash assistance is now available for no more than five years and it is no longer an entitlement. States are under no federal obligation to provide assistance to any child or family. Under TANF, adults who do receive such assistance face work and other "personal responsibility" requirements and confront sanctions for failure to comply with these requirements.

At the same time, states have much more flexibility to provide a wide range of services to needy families, including: child care, transportation assistance, job training, mental health and substance abuse services, family planning and teen pregnancy

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[3] 42 U.S.C. 601 et seq., P.L. 104-193. In addition to fundamentally altering the nation's welfare program, the 1996 law made major changes affecting child support enforcement, child care, child welfare, Medicaid, the Food Stamp Program, disability benefits for children, and the eligibility of immigrants for federal, state and local benefits. The law prompted new and intensified discussions about non-marital births, fathers, marriage and family formation. The law also reduced federal requirements and protections for individuals while expanding state discretion and flexibility in numerous aspects of social policy. For an overview of the law's changes and potential impacts in these areas. See, Greenberg, M., Levin-Epstein, J., Hutson, R., Ooms, T., Schumacher, R., Turetsky, V., & Engstrom, D. *Welfare Reauthorization: An Early Guide to the Issues*, Center for Law and Social Policy, 2000, http://www.clasp.org.

prevention programs, parenting education, domestic violence services, and a variety of other family strengthening services. Not only do states have flexibility in the types of services and supports they can offer, but they also have a great deal of flexibility in the families they can serve. States need not limit their aid to families receiving cash assistance, but can assist a broader population of the "working poor."

At the same time Congress and the president ended "welfare as we knew it," the child welfare system was also being revamped. In 1997, the Adoption and Safe Families Act (ASFA)[5] was enacted with the intention of enhancing the safety of children in the child welfare system; moving them into permanent homes more quickly, and ultimately improving their well-being. Within twelve months, states are expected to move a child into a permanent family situation, either back to his or her biological parents or into an alternative permanent placement, such as an adoptive home. Once a child has been in care for 15 of the last 22 months, a state must (with some exceptions) file a petition to terminate parental rights. Under ASFA states have new financial incentives to place children into adoptive homes, however, they continue to have obligations to try to prevent unnecessary placements and to reunify children with their families of origin.

The 1996 welfare law made several direct changes to federal child welfare programs and made explicit a number of links between the child welfare and TANF systems.[6] More than these specific provisions, however, the implementation of the basic TANF provisions and requirements themselves may substantially impact the safety and well-being of children, either increasing or decreasing the risk of maltreatment.

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[4] An overview of the provisions of TANF is provided in Appendix I.
[5] P.L. 105-89.
[6] An overview of the major child welfare programs is provided in Appendix II and a summary of the 1996 welfare law's reference to these programs is provided in Appendix III.

When the 1996 law was enacted, many child advocates argued that children would be at greater risk of abuse and neglect. While acknowledging shortfalls in the AFDC program, these advocates argued that the program functioned as a safety net for our nation's most vulnerable families and that, with its repeal, the child welfare system would in effect become the primary safety net available. Many child advocates feared that a substantial number of children would move from families receiving cash assistance into foster care and that the child welfare system would be overwhelmed.

On the other hand, proponents of the 1996 legislation argued that children would benefit from the provisions of TANF. Some argued that the provision of cash assistance under AFDC promoted a "culture of dependency" and this culture was responsible for many societal ills. They argued that moving parents into work would benefit children as well as society by creating more productive citizens, parents and role models.

Why Might TANF Influence the Incidence of Child Maltreatment?

There are several reasons to anticipate that TANF would impact the risk of child maltreatment.[7] The provisions of the 1996 welfare law could impact the incidence of abuse or neglect because of the link between poverty and child maltreatment. Research indicates that child maltreatment is highly correlated with poverty. Although the connection between poverty and maltreatment is not fully understood, the risk of abuse or

[7] See Fein, D.J. & Lee, W. S., *The ABC Evaluation: Impacts of Welfare Reform on Child Maltreatment*, Abt Associates, Cambridge, Massachusetts, 2000, available at http://www.abtassoc.com, forthcoming in **Children and Youth Services Review**, and Shook, K. *Does the Loss of Welfare Income Increase the Risk of Involvement with the Child Welfare System?*, **Children and Youth Services Review**, Vol. 21, Nos. 9-10, pp. 781-814, 1999, for slightly different conceptualizations of the pathways through which the 1996 law might impact child maltreatment rates.

neglect is 22 times greater for children living in families with annual incomes below $15,000 than for children living in families with incomes greater than $30,000.[8]

The explanation for the connection between poverty and maltreatment is multi-faceted. Some of the correlation may be explained as a function of stress; poverty increases stress, which in turns leads to more abuse and neglect. Some of the connection may be that poverty limits parents' ability to provide for their children in ways that are described as neglect (e.g. lack of supervision because the parents cannot afford adequate child care) such that the parents' limited ability to provide for their children brings a family to the attention of child protective services. The relationship between poverty and child maltreatment may also indicate that some of the same factors that interfere with working and securing adequate income also interfere with adequate parenting. Finally, some of the correlation may reflect disproportionate surveillance and reporting of maltreatment among low-income families.[9]

Whatever the causal connections between poverty and child maltreatment, changes to the nation's public assistance system, which is designed to serve the poorest families, have the potential to increase or decrease families' material resources and income and thus to influence the risk of maltreatment. For example, if TANF work requirements lead parents to jobs that increase their resources, the risk of abuse and

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[8] Sedlak, A.J. and Broadhurst, D.D., *Third National Incidence Study of Child Abuse and Neglect, Final Report*, U.S. Department of Health and Human Services, 1996.

[9] See, Chasnoff, I.J., Landress, H.J., and Barrett, M.E., *The Prevalence of Illicit-Drug Use During Pregnancy and Discrepancy in Mandatory Reporting in Pinellas County, Florida*, **The New England Journal of Medicine**, Vol. 322, No. 17, pp. 1202-1206, April 26, 1990; Pillitteri, A., Seidl, A., Smith, C., and Stanton, M., *Parent Gender, Victim Gender, and Family Socioeconomic Level Influences on the Potential Reporting by Nurses of Physical Child Abuse*, **Issues in Comprehensive Pediatric Nursing**, Vol. 15, 239-47, 1992, for an exploration of how socioeconomic status and other demographic variables may influence reporting of child maltreatment. These studies provide some evidence that, regardless of the incident in question, low-income and minority families are more likely to be reported to child protective services.

neglect may decrease. If, on the other hand, families lose benefits because of sanctions or time limits and are not able to replace those benefits with other income, they may face material hardship, thereby increasing the risk of maltreatment.

Regardless of whether the work requirements increase or decrease material hardship, they may create additional stress, which in turn heightens the risk of maltreatment. Alternatively, increased work activity on the part of parents may lead to an increase in self-esteem that lessens the risk of abuse and neglect.

The work and other "personal responsibility" requirements of TANF may also increase or decrease adult supervision and guidance. For example, parents who heed the welfare law's "go to work" message, but who cannot find adequate child care, might leave their children home alone, potentially endangering the children and leading to the involvement of the child welfare system.[10] On the other hand, parents who attend parent education classes offered by the TANF agency may learn valuable parenting skills, that enhance their children's well-being.

Finally, TANF could have an impact on child maltreatment through the services and supports it makes available to families. A study of the dynamics of children's movement between AFDC and foster care found that children, particularly young children, who moved from the AFDC system into foster care did so relatively quickly,

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[10] The 1996 law prohibits states from sanctioning single custodial parents for failure to comply with work requirements if the parent demonstrates that she or he is unable to obtain needed child care for a child under the age of six. 42 U.S.C.607(e)(2). However, it is not clear that TANF recipients are aware of this exception and they may believe they risk losing cash assistance if they do not comply with the work requirements. In addition, the exception does not apply to lack of child care for children 6 or older. Yet, a number of states include failure to supervise children up to the age of 10-12 within the definition of neglect. Thus, some parents may be faced with charges of neglect either because they leave their child unattended to go to work or because they lose their cash assistance and cannot adequately care for the child.

within the first 10 months of receiving AFDC.[11] The study's authors hypothesize that: " . . . for young children, there may be a link between the stress or crisis that propels families onto the AFDC rolls and a child's entry into foster care." If this hypothesis is correct, then the ability of the TANF program to address the initial stress or crisis could have a profound impact on the number of children needing to enter the child welfare system.

If states use the flexibility of TANF to provide necessary, perhaps intensive, services when families first seek aid, then they may reduce families' stress and thereby lessen the risk of maltreatment. Similarly, if a state responds to a family's financial crisis, by providing sufficient funds to avoid eviction or utilities shut-off or to fix a car needed for transportation to work, the crisis may be alleviated, which in turn could decrease the risk of abuse and neglect. On the other hand, if the state's initial response to families increases their stress or crisis (e.g. by diverting them from assistance until they have engaged in certain activities for a period of time or by requiring immediate work or other activities that interfere with a family's ability to deal with the crisis), more children may transition into the child welfare system, in particular into the foster care system.

The potential impact of moving more children from families receiving cash assistance into foster care is potentially a profound one because of the overlap between families in the two systems and the size of the cash assistance caseload vis-à-vis the

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[11] Goerge, R.M., Lee, B.J., Reidy, M., Needell, B., Brookhart, A., Duncan, D., & Usher, L. *Dynamics of Children's Movement Among the AFDC, Medicaid and Foster Care Programs Prior to Welfare Reform: 1995-1996*, 2000, available at http://www.aspe.hhs.gov/hsp/movement00/index.htm.

foster care caseload.[12] The majority of children entering foster care have historically come from families receiving cash assistance. In fact, a number of families appear to have moved back and forth between the two systems. A study by Goerge et al. analyzed the dynamics of children's movement between several safety net programs and found that, while less than 3% of children entering the AFDC system moved into the foster care system, nearly 60% of the children entering foster care came from families who were receiving or had recently received AFDC.[13]

A similar study of the movement of children from TANF to foster care has not been done. However, a recent study of nearly 1,200 TANF applicants in Milwaukee, Wisconsin, suggests that the phenomenon still exists. Courtney et al. found that nearly 40% of these applicants (457) had been investigated for allegations of maltreatment between June 1989 and September 2000.[14] Most of them had been investigated prior to

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[12] The overlap is partially a function of the historical link between the programs. In the early 1960's the federal government prohibited states from denying cash aid to families whose homes were deemed "unsuitable." The rationale was that if the homes were truly "unsuitable," the state had an obligation to offer assistance to remedy the situation, or if it could not be remedied, to remove the children. The ensuing federal legislation offered federal financial assistance on behalf of children who were removed from homes where they were receiving cash aid, and the systemic link between the two systems was created. See Frame, L., *Suitable Homes Revisited: An Historical Look at Child Protection and Welfare Reform*, **Children and Youth Services Review**, Vol. 21, Nos. 9-10, pp. 719-754, 1999, for an overview of the evolution of the foster care program from the AFDC program. The overlap also results from the fact that families in both systems face many of the same challenges: e.g. poverty, substance abuse, mental health problems, domestic violence. These barriers can interfere with employment, as well as adequate parenting.

[13] Goerge et al., *supra* at note 11. This was a longitudinal study of children who entered the AFDC program, the Medicaid program or the foster care program in California, Illinois and North Carolina during the years 1995-1996. The findings are consistent with earlier analysis examining California's AFDC entries between 1990 and 1995. Researchers from the University of California at Berkeley linked administrative data from 63,768 children entering the AFDC program with child abuse reporting and foster care data in 10 California counties. They found that within five years of AFDC entry, 27% of the children had a child maltreatment report, 8% moved beyond the investigation stage and had a child welfare case opened and 3% were placed in foster care. Needell, B., Cuccaro-Alamin, S., Brookhart, A., and Lee, S., *Transitions from AFDC to Child Welfare in California*, **Children and Youth Services Review**, Vol. 21, Nos. 9/10, pp. 815-841, 1999.

[14] Courtney, M., Piliavin, I., & Power, P., *Involvement of TANF Applicants with Child Protective Services*, July 2001, paper presented at the Association for Public Policy Analysis and Management research conference in Seattle, Washington, November 2, 2000, available at http://www.ssc.wisc.edu/irp/pubs/dp122901.pdf

applying for TANF (although they may have received AFDC at the time of the investigation) and 14% were investigated in the approximately 16 months following their application.[15] In addition, about 6% of the applicants reported that their children were (or had at some point been) in out-of-home care. This study suggests that the overlap of families in the cash assistance system and child welfare system continues.

The size of the cash assistance caseload is much larger than the child welfare caseload. Thus, if the majority of children in foster care come from families receiving cash aid, even a small increase in the proportion of children making such a transition could have profound impacts on the child welfare system. For example, Goerge et al. estimated that, all else remaining the same, if an additional one percent of the children on the cash assistance caseload moved into foster care, the foster caseload would have increased by 25% in 1999 and by 30% in 2000.[16]

What Impact Have We Seen So Far?

At this point, it is impossible to quantify the impact of the TANF provisions on the incidence of child maltreatment. On the one hand, in 1999, the total number of substantiated cases of maltreatment decreased, as did the incidence rates of such maltreatment. The rates decreased for the sixth year in a row.[17] On the other hand, the

[15] Families that experienced investigations generally experienced 3-4 investigations, so a number of families may have been investigated both before and after application for TANF.
[16] The impact could be less since cash assistance caseloads have decreased significantly, meaning fewer children are at risk of making such a transition. On the other hand, there could be an increase in the rate of foster care entry for children in families who are not receiving cash assistance, for example, those who were diverted from TANF or who have left TANF.
[17] U.S. Department of Health and Human Services, Administration on Children, Youth and Families, Children's Bureau, *Ten Years of Reporting: Child Maltreatment 1999*, 2001.

estimated number of children in foster care grew from 483,000 children in 1995 [18] to 568,000 in 1999.[19]

What does this mean? Some argue that these data demonstrate that TANF is having no negative impact on the rates of child abuse and neglect. Others contend that the declining rates of substantiated maltreatment are a reflection of alternative case handling, for example not "substantiating" maltreatment in less serious cases and diverting families to community based providers, rather than actual declines in abuse and neglect.[20] Some contend that it is too soon to see an impact. The federal time limits have not hit and the economy has, until recently, been strong. Those families who are struggling may have been able to rely upon the support of other family members and

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[18] Committee on Ways and Means, U.S. House of Representatives, *1998 Green Book*

[19] Committee on Ways and Means, U.S. House of Representatives, 2000 *Green Book*. A potential explanation for why incidence rates are decreasing while foster care caseloads are increasing relates to the duration of foster care stays. The number of children in foster care is a function of the number of children coming into care and the number exiting care. If more children come in than leave, the total number in care will increase. Thus, if children remain in care for longer periods of time, the foster care caseload could increase even while the number of children entering care decreases from previous years. Some researchers postulate this dynamic is currently occurring in the nation's foster care caseload. See, Wulczyn, F.H., Brunner, K. & Goerge, R.M., *An Update from the Multistate Foster Care Data Archive: Foster Care Dynamics 198-1997*, The Chapin Hall Center for Children at the University of Chicago, 1999. The 1996 welfare law could be contributing (positively or negatively) to the increased duration of foster care stays. For example, the time limit and sanction provisions may make it harder for parents to establish stable homes to which their children can return. Alternatively, the work requirements may help improve a parent's financial well-being and help her regain custody of her children more quickly.

[20] For example, Missouri has a Child Protective Services Reform Project under which certain cases are handled through a family assessment process. As a result of this reform effort, families can be classified as "in need of services", "not in need of services" or "noncooperative/child safe," in addition to "substantiated" and "not substantiated." In calculating its maltreatment rate, Missouri looks only at the substantiated cases, not those that are opened as "in need of services." In 1999, 9,079 children were substantiated as victims of maltreatment, while 13,501 children were determined to be "in need of services," such that a family-centered case was opened or the family was referred to a community resource or support system. Missouri's maltreatment rate is 6.5 per thousand, compared to the national rate of 11.8 per thousand. Some of this variation may reflect the classification of cases rather than what actually happened to children in Missouri. Appendix C, State Commentary *in Child Maltreatment 1999*.

A second potential artifact of reporting may also be contributing to the declining rates of substantiated maltreatment. Under TANF the number of people receiving cash assistance declined dramatically. At the same time, Medicaid and Food Stamps rolls also declined. Thus, fewer families may be coming into contact with people, such as health professionals and social services workers, who are required to report suspected maltreatment. If so, then substantiated rates of maltreatment could be declining while the actual incidence of maltreatment increases or remains stable.

friends thus far. Over time, the resources of these family members and friends may be insufficient, particularly if the economy continues to slow.

Finally, some contend that national data may never reveal the impact of TANF – that the effect of TANF will be masked by other trends.[21] Additionally, looking only at national caseload trends does not indicate what would have happened in the absence of TANF policies. Given the strong economy of the last several years, might we have seen a decline (or greater increase) in foster care caseloads absent TANF? Might we have seen a greater decline (or an increase) in substantiated maltreatment absent such policies? Without a controlled experiment, it is not possible to tell. A simple look at national trends does not answer the question of TANF's impact on child maltreatment.

What Does the Research Tell Us?

Little research has been done to assess the impact of TANF on child maltreatment.[22] A number of states have conducted "leavers" studies, which generally try to assess the well-being of those who have left TANF. Frequently, these studies attempt to assess the financial well-being leavers (e.g. employment levels and the extent of earnings and other income supports). They sometimes inquire about material hardships, such as inability to pay rent or utilities, insufficient food and homelessness. However, it is less common for the studies to inquire about child maltreatment outcomes.

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[21] See, Geen, R., Fender, L., Leos-Urbel, J. and Markowitz, T., *Welfare Reform's Effect on Child Welfare Caseloads*, February 2001, available from The Urban Institute at: http://newfederalism.urban.org/html/discussion01-04.html and Paxson, C. and Waldfogel, J., *Welfare Reforms, Family Resources, and Child Maltreatment* in **The Incentives of Government Programs and the Well-Being of Families**, 2001 available from Joint Center for Poverty Research at: http://www.jcpr.org/book/ for a review of some of the difficulties of interpreting child welfare trends.

[22] See, Committee on Ways and Means, U.S. House of Representatives, *2000 Green Book*, noting that while future research is expected to provide more information, current findings on the impact of welfare on child welfare-related outcomes are limited.

such as involvement with child protective services or placement of a child in foster care or with relatives or other caregivers.[23]

While leavers studies may provide useful insights in other areas, their methodology renders them of limited value in assessing the impact of TANF on maltreatment, even when they asked about such outcomes. First, leavers studies focus on outcomes for those who have already left welfare, while research indicates that historically almost all children who moved from AFDC to foster care did so while they were living with families receiving cash assistance.[24] If the same pattern of movement continues under TANF, leavers studies may substantially underestimate the full impact of TANF policies on vulnerable families. For example, while the few studies that compare leavers to those currently on welfare generally find lower placement rates among leavers, the studies cannot tell us whether this is because leavers actually have fewer placements or because most placements occur prior to exit.

The second problem with the ability of leavers studies to assess the impact of TANF on child maltreatment relates to the comparison groups used. The studies either compare leavers to those who remain on welfare, compare the outcomes of leavers before and after they left TANF, compare groups of leavers to each other (e.g. those who left due to sanction versus those who left due to employment) or they simply report the percentage of families with a particular child welfare outcome, with no comparison. None of the leavers studies compare the outcomes of those subject to TANF policies to those not subject to TANF policies. Leavers studies may give us some indication of the

[23] See, Geen et al., 2001, at note 21, for a review of leavers studies that examined these outcomes.
[24] See, Goerge et al. *supra* at note 11. Specifically, the share of children who moved into foster care from an open AFDC case in each state are: 85% in Illinois, 96% in California and 90% in North Carolina.

experiences of leavers, but they do not offer insight into what those leavers would have experienced in the absence of TANF policies.

Finally, leavers studies generally only examine outcomes 6 to 12 months after welfare exit.[25] Most of the studies looking at child welfare outcomes assessed whether children were in out-of-home placements and it is not clear that such placements would occur in that time frame. Even the few states that looked at open child protection cases or substantiated maltreatment, may not see such outcomes in 6-12 months. Anecdotal reports of child welfare workers and administrators indicate that many of them think it's too soon to see such outcomes. They feel confident such outcomes are coming, they just don't appear yet.[26] Families probably rely on friends and relatives as a first resort to dealing with a crisis. However, when those resources wear thin and material hardship and stress increase, maltreatment may also rise. For all these reasons, the leavers studies offer rather limited insight into the impact of TANF on child maltreatment rates.

There are a handful of research studies that attempt to assess the impact of TANF-like policies. Most of these studies examine the policies states used to experiment with welfare reform prior to the 1996 welfare law. During the early and mid-1990's, states received permission to waive certain provisions of the AFDC program. They tested many of the policies that were subsequently enacted under TANF (e.g. time limits, sanctions, work requirements). The studies that have assessed such policies' impact on child maltreatment raise concern about how TANF policies might be impacting the

[25] North Carolina surveyed leavers 13-16 months after exit and Washington examined outcomes for up to 24 months after exit.
[26] Geen, et al., 2001, *supra* at note 21.

incidence of maltreatment, particularly rates of neglect. While none of these studies provides a definitive answer, they raise red flags suggesting that the policies adopted under TANF may be increasing the risk of maltreatment for an already vulnerable group of children.

Grant reductions are associated with increased entry into the child welfare system:

A key question is whether the loss of welfare income increases maltreatment. The first study to address this issue found that families who incurred substantial grant reductions (defined as greater than $75 per month) were more than twice as likely to become involved with the child welfare system, as compared to families who received stable welfare grants.[27] Utilizing administrative data on families receiving AFDC in the Chicago area at the end of 1995, Shook identified the sanction status[28] of 173 families[29] and then determined whether they experienced either a substantiated child maltreatment report or an open child welfare case within the following year. The purpose of the study was to examine the relationship between substantial grant reductions (whether the result of sanctions or other causes) and subsequent child welfare involvement. To better ensure that correlations identified through this analysis suggested true relationships between welfare loss and child maltreatment, Shook used the administrative data and additional survey data to control for a variety of economic, behavioral, environmental and demographic child maltreatment risk factors. Even when controlling for these risk factors, the association between welfare loss and child welfare involvement remained

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[27] Shook, *supra*, note 7.

[28] Sanction was defined as a grant reduction for failure to cooperate with work, training or child support enforcement requirements.

[29] The original sample consisted of 706 families, but the survey response rate was only 25%. Thus, the full analysis was conducted on a sample of 173 families.

robust.[30] The association was even stronger for those families who had been sanctioned.

Subsequent employment may influence the likelihood of CPS involvement:

A second critical research question focuses on the impact of work, in light of welfare losses. Shook's analysis revealed that families who incurred substantial grant reductions *without subsequent maternal employment* were at greatest risk of involvement with child protective services, as compared to families who received stable welfare grants while the mother was unemployed. This latter groups was at least risk of involvement, which suggests that work following welfare loss may decrease the risk of CPS involvement.

On the other hand, Shook notes that employment does not necessarily guard against such an outcome. The risk level for families whose mothers worked (whether following welfare loss or during a period of steady grant receipt) were at greater risk of CPS involvement than those who received steady welfare grants and did not work. This finding raises the possibility that welfare loss and work may combine either to increase or to decrease the risk of maltreatment. However, the differences between working families and families receiving stable grants where the mother was unemployed were not statistically different, so these findings suggest only a trend, rather than a definitive connection. Shook concluded that there is substantial evidence that welfare loss

[30] Since only 25% of the families responded to the survey, the results have to considered somewhat cautiously. The respondents and non-respondents were similar in many regards, but the authors conclude that some of the differences between the two groups suggest that respondents may face greater difficulties leaving welfare than non-respondents. It is also important to note that the statistically significant findings of increased involvement with child protective services were found only among the respondents. Shook hypothesized that this finding may indicate that the relationship between welfare loss and increased risk of child maltreatment applies mainly to those who are entrenched in the welfare system. This hypothesis is consistent with Fein and Lee's findings (see, *infra* note 35 and surrounding text) that the increased rates of substantiated neglect were concentrated among the most disadvantaged families.

heightens the risk of child welfare involvement, but she noted that her analysis could not clearly determine whether it was the grant reduction itself or a family's inability to find and maintain employment that most contributed to the risk.

Grant reductions are also associated with slower rates of reunification:

A third important research question is whether welfare loss affects reunification rates for families whose children are already in the foster care system. Wells and Guo examined the effect of substantial grant reductions (using Shook's definition) and work on the speed of reunification for children who had been placed in foster care in Cuyahoga County, Ohio.[31] They found that mothers who incurred grant reductions and worked were reunified with their children more slowly. Specifically, Wells and Guo compared the speed of reunification for four types of mothers: (1) those who never used AFDC; (2) those who used AFDC and never incurred a grant reduction; (3) those who used AFDC, incurred a grant reduction and lacked income from work; and (4) those who used AFDC, incurred a grant reduction and gained income from work. Of these groups, the mothers who received steady grants were reunified with their children most quickly, even more quickly than mothers who never received AFDC. Mothers who incurred grant reductions and worked were reunified more slowly than the other three groups studied. In fact, those who experienced welfare loss and worked were reunified *nine times* more slowly than those who steadily received AFDC. As with Shook's findings, this study suggests that welfare loss and work combine to influence a family's involvement with the child welfare system.

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[31] Wells, K. and Guo, S., *The Impact of Welfare Reform on Foster Care and Child Welfare: A Case Study Reunification of Foster Children in the First Entry Cohort*, **Children and Youth Services** Review, in press.

An increased proportion of working single mothers is associated with increased rates of neglect, while increased generosity of welfare benefits is associated with lower rates of neglect:

Paxson and Waldfogel examined the relationship between welfare loss and work to child maltreatment using a different approach.[32] They utilized state level data to assess the relationship between various demographic and policy trends between 1990 and 1998. Although the share of single mothers in a state did not appear to be related to rates of maltreatment, Paxson and Waldfogel found that as the share of single *working* mothers in a state increased, so too did the rates of neglect. They also found that states with more generous welfare benefits tended to have lower levels of substantiated neglect and out-of-home placements.[33]

These findings raise questions about certain TANF policies. For example, if the effect of the 1996 welfare law has been to move more single mothers into work, are more children being neglected? Similarly, as some states implement application policies that make it more difficult for families to obtain cash assistance and design sanction policies that have the effect of lessening the benefits available to families, are children at greater risk of maltreatment? Or, in contrast, are states that have substantial earned income

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[32] Paxson, C. and Waldfogel, J., *Welfare Reforms, Family Resources, and Child Maltreatment* in **The Incentives of Government Programs and the Well-Being of Families**, 2001 available from Joint Center for Poverty Research at: http://www.jcpr.org/book/ and Paxson, C. and Waldfogel, J. *Work, Welfare and Child Maltreatment*, **Journal of Labor Economics**, in press.

[33] Unobserved factors (e.g. different definitions of maltreatment) may contribute to different maltreatment rates across states. Some of these factors could bias the result because they are also correlated with the factors being measured (e.g. welfare policies). For example, a "child-friendly" state may be more inclined to strictly enforce child maltreatment laws and also less inclined to adopt "tough" welfare policies. To minimize the likelihood that these factors bias the results, Paxson and Waldfogel used state fixed effects. They also included year effects in their analyses to minimize the likelihood that spurious time patterns in maltreatment reporting biased the results.

disregards[34] increasing the benefits available to more families so that children are at less risk of neglect? Paxson and Waldfogel's analysis does not answer these questions, but does raise red flags about the potential impact of TANF on child maltreatment.

A comprehensive package of "welfare reforms" may increase rates of maltreatment:

A fourth study, the only one using random assignment, adds weight to the evidence that TANF policies may be increasing child maltreatment rates.[35] Like the earlier studies, the findings from Delaware suggest that the impact of the policies is complex.

In 1995 Delaware received permission to waive a number of AFDC program provisions and experiment with "welfare reform." The program developed, known as A Better Chance (ABC), tried many of the policies that have subsequently been enacted under TANF. For example, the program offered cash assistance only for a limited period of time and required adults to work. ABC also required a variety of activities aimed at improving parenting (e.g. requiring that children receive timely immunizations and attend school and requiring that parents obtain family planning counseling). Failure to comply with any of these requirements could lead to sanctions and, indeed, Delaware has had one of the higher rates of sanction. In addition, the ABC program attempted to "make work pay" by disregarding certain income and by increasing funding for child care and Medicaid for working poor families. In exchange for the flexibility to try such policies,

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[34] Under TANF, states have a great deal of flexibility in designing program eligibility. States can choose to disregard certain types or amounts of income from the assessment of whether a family is eligible for assistance and also from the calculations used to determine the amount of the benefit a family will receive. A number of states have used this flexibility to increase access to assistance for low-income working families. See, SPDP, at www.spdp.org, for a review of state policies on disregarding income.

[35] Fein and Lee, *supra* at note 7.

Delaware was required to evaluate the impacts of the program by comparing a variety of outcomes for those who participated in ABC to the outcomes of a control group of families who continued to be subject to traditional AFDC policies.

Fein and Lee conducted this evaluation and included an assessment of the program's effect on child maltreatment rates. They found that families who participated in the ABC program had a 45% higher rate of maltreatment than did control group members in the third year of follow-up, although there were no statistically significant findings on the overall effect in the first and second years. To gain a better understanding of these dynamics, Fein and Lee did additional analyses.

Rates of neglect appear most affected:

When they broke the results out by type of maltreatment, the maltreatment impact appeared to be driven by the impact on rates of substantiated neglect. The differences in other types of maltreatment were not statistically significant. However, the impact on neglect was statistically significant and substantial in the first, as well as the third, year of follow-up. For example, in year one, the rate of substantiated neglect among the control group was 2.6 per 100, while for program participants, the rate was 4.1 per 100. While this 1.5 percentage point difference may appear small, it represents a nearly 60% increase in the rate of substantiated neglect. Given that 37% of Delaware's child protective services cases consisted of families receiving cash assistance, the potential for a 60% increase in the number of cash assistance receiving families with substantiated neglect raises serious concerns. [36]

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[36] The analysis of Goerge et al., *supra*, at note 11, suggested that TANF could have a potentially significant on the foster care caseload, since the majority of children in foster care cases come from families who receive or recently received cash assistance. Fein and Lee's findings suggest that the impact on the overall

Increased neglect may be greatest among the most disadvantaged families:

Fein and Lee also compared the outcomes among subgroups of participants. The pattern of increased neglect among ABC participants remained consistent, however, the effects appeared to be most concentrated among the more disadvantaged families (defined as: long-term recipients, those with less than 12 years of education, recipients of color and those with prior allegations of maltreatment.) These findings suggest that welfare policies may have more negative child maltreatment impacts on the most vulnerable families. This conclusion is consistent with other analysis that generally finds that sanctioned families tend to be families with the most challenges and barriers to employment.[37]

Loss of benefits and employment may combine to increase neglect:

Fein and Lee explored other aspects of their program evaluation to better understand the mechanisms through which the ABC program could be affecting rates of neglect. In particular, given the questions raised by earlier research about the respective contributions of work and income loss, Fein and Lee compared time patterns for impacts on employment, earnings and benefit levels with the timing of maltreatment impacts. They noted that ABC participants' welfare benefits decreased more than the control group's in each of the three years of the evaluation, a pattern consistent with increased sanctioning in year two and with families beginning to reach time limits in year three.

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child welfare caseload (including cases where children are not removed from their homes) could also be substantial.

[37] See, Goldberg, H., and Schott, L., *A Compliance-Oriented Approach to Sanctions in State and County TANF Programs*, October 2000, Center on Budget and Policy Priorities, available at www.cbpp.org, noting that sanctioned families frequently have barriers, often more than one, to employment which seem likely to contribute to their non-compliance with TANF requirements. These barriers include: low education levels, poor health, domestic violence, as well as lack of child care and transportation.

On the other hand, employment and earnings impacts were positive for ABC participants in year one, but not year two. No information was available about earnings and employment in year three, although Fein and Lee note that a significant portion of the ABC participants reached the 24-month work trigger during that year and that this requirement was rigorously enforced. Thus, there may have been increased employment again in year three. Since the neglect rates were significantly elevated in years one and three, but not year two, Fein and Lee hypothesized that the loss of welfare benefits alone may not be sufficient to increase neglect, but rather, that employment and benefit loss combined to produce such a result.

This finding is consistent with the earlier research. Perhaps neglect is increasing in families that move to work because there is inadequate child care and children are left unsupervised. Research from a fifth study, which focused on the impact of TANF policies as opposed to similar state policy experiments conducted under AFDC, provides some evidence on this point.

Geen et al.[38] conducted case studies in 12 states during 1997 and 1999. The case studies included interviews with child welfare administrators, researchers, supervisors, legislative representatives and advocates. They also involved focus groups with child welfare workers and an assessment of state child welfare caseload data over a period of several years. One objective of the case studies was to learn about any changes in the number and type of families coming to the attention of child welfare agencies.

Although the authors "found no evidence to suggest that welfare reform has significantly increased the number of families referred to child welfare agencies," the

[38] Geen et al., 2001, *supra* at note 21.

large majority of respondents believed that welfare reform will have a significant negative effect on child welfare caseloads – that "it's too early" to see such results.

Reports of increased "lack of supervision" and surrendering of custody may explain increased findings of neglect:

In addition, the case studies provide anecdotal evidence that some negative impacts of TANF on child welfare may already be occurring. First, child welfare officials in five of the studied states reported an increased number of neglect cases based on "inadequate supervision." Although only one of the study states was able to quantify the extent of this change, that state reported a 150% increase in the number of such cases. Second, child welfare officials in six of the states reported that more parents were surrendering their children to the child welfare agency or delaying reunification because they were "overwhelmed by the stress of poverty coupled with welfare requirements." Finally, many child welfare workers reported that TANF requirements, particularly work requirements, frequently conflicted with services and court hearings required by the child welfare system, leading a number of parents to believe they must choose between receiving cash assistance and keeping their children.

Geen et al.'s findings are consistent with the findings of earlier research. Perhaps the delayed reunification detected by Wells and Guo is explained by parents' attempts to comply with competing case plan requirements. The increased "lack of supervision" cases and "surrender of custody" cases may explain Paxson and Waldfogel's findings of increased neglect as more single mothers go to work. The increase in such cases may also explain Fein and Lee's findings that the ABC program had a greater, more consistent negative impact on neglect than other types of maltreatment. The fact that the impact was most concentrated among the most disadvantaged families may reflect that these

families had the fewest resources (financial and otherwise) to overcome the challenges created by the combination of low wage work and welfare loss.

Conclusion

Together all of these findings raise red flags about the potential impact TANF and the 1996 law are having on children. While the national data on substantiated maltreatment do not detect a significant impact at this point, the research described here gives us reason to pause and look more closely at the impacts of the policies we are adopting and implementing, particularly as they affect the most vulnerable families. Perhaps the most important lesson to draw from these studies is that the relationship between loss of welfare benefits, work and child maltreatment is quite complex. The relationship is neither as simple as "decreasing benefits will increase maltreatment" nor as clear as "increasing parental work activity will decrease maltreatment." More research and investigation is needed to better understand how various TANF policies are interacting to affect the risk of maltreatment. Until we have that information, discussions about reauthorizing TANF should not assume that existing policies are trouble free. Instead, we should be looking for ways to ensure that children are not put at risk as parents move from welfare to work. To move toward such a goal, there are several policies that could be adopted in TANF reauthorization.

Recommendations for TANF Reauthorization

First, the focus of TANF should be on the reduction of child and family poverty, not simply caseload reduction. The purposes of TANF, which largely govern how TANF funds can be spent, should be amended to include an explicit reference to decreasing poverty.

Second, we should consider additional measures of "welfare reform's success." At present, states are required to have a certain proportion of their caseloads engaged in a set of designated activities related to work. States are subject to fiscal penalties if they fail to meet those participation rates. Some are recommending that, rather than focus on rates of participation, states should be measured more on the outcomes such participation presumably is intended to accomplish – for example, sustained employment, job advancement and poverty reduction. We should also consider measuring states' performance on measures of child well-being. While there may be challenges to identifying and measuring the "right" outcomes, requiring accountability for child well-being could be an effective tool for ensuring that children are not at increased risk of maltreatment. Such outcome measures would send an important signal that the well-being of children is at least as important as increasing work and decreasing welfare receipt.

Third, we should consider broadening the set of activities that count towards participation. The current list of "countable activities" does not include activities such as participation in mental health or substance abuse treatment or work with service

providers to help victims of domestic violence come up with safety plans for themselves and their children. Education and training count only to a limited extent. If the list of activities were broadened to include a wider range of activities that help recipients remove barriers to work and strengthen their families, more families might have access to such services and thus the risk of child maltreatment might be reduced.

Fourth, we should at least maintain the level of federal and state funding in the TANF program. Cutting the funding level may exacerbate any negative impacts by making fewer supports and services available to children and families.

Fifth, we should develop certain standards regarding the imposition of sanctions. Under current law, states may impose sanctions for a set period of time, regardless of whether the recipient comes into compliance during that period of time. We ought to consider prohibiting the imposition of sanctions beyond the time a family comes into compliance. Sanctions should be curable by complying with the particular requirement for a specified period of time. We should also consider requiring a conciliation process in which the state must assess the reasons for a family's non-compliance and address barriers to compliance before imposing a sanction. We should also require states to give adequate notice prior to the imposition of a sanction and should ensure that notice of the steps necessary to come into compliance continues to be provided to the family for a period of time following the imposition of a sanction.

Sixth, we should provide states greater flexibility to exempt families from the federal time limit. Under current law, states may exempt up to 20% of their caseloads. There should be additional flexibility to permit states to provide federal assistance to families who need additional time because appropriate services have not been available to

them (or were available only after substantial delay) and to provide assistance to families who have complied with all program requirements, but remain unemployed.

Finally, we should encourage greater cooperation between child welfare and TANF agencies. Such coordination should at least include joint case planning to ensure that parents do not have conflicting child welfare and TANF obligations. In addition, collaboration between the agencies could be helpful in providing more seamless service delivery to our nation's most vulnerable children and their families.

During the debates about "welfare reform" in the mid-1990's, many spoke of the legislation's potential benefits (and harms) to children. If the goal of welfare reform is really to benefit children, we need to make that goal explicit. We need to modify the current law in the ways described above and consider other proposals to amend the legislation through the lens of poverty reduction and child well-being.

Appendix I: Overview of TANF

The 1996 law repealed AFDC and enacted the structure of TANF block grants. The TANF structure is best understood as a hybrid. States receive a lump sum of money that can be used for an array of purposes. One purpose is to operate a program of assistance for needy families. A set of requirements -- e.g., time limits, work requirements, child support cooperation -- apply to families receiving TANF "assistance," but not to those receiving other benefits and services funded under the block grant. Accordingly, it is important to both understand the rules that govern the use of the block grant and the rules that apply to those who receive TANF assistance in state programs funded under the block grant. Key TANF features are:

- **Essentially fixed federal funding**: Each state qualifies for a block grant each year from 1997 though 2002, with block grant levels set to reflect federal spending from a base period during the early 1990s under the programs that were repealed at the time TANF was enacted.[1]
- **Broad state discretion in use of federal TANF funds:** Unless otherwise prohibited, a state can spend its block grant funds in any way reasonably calculated to accomplish any of the purposes of the law. The purposes are to:

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[1] The programs that were repealed and whose funding was folded into the TANF block grant were the AFDC Program, the JOBS Program (which provided employment and training services for AFDC families), and the Emergency Assistance Program. Generally, the funding formula reflects federal expenditures under these programs in (at state option) 1994, 1995, or the 1992-94 average. State TANF grant amounts for FY 99 are located at http://www.acf.dhhs.gov/programs/ofs/data/q499/table-a1-1.htm A minority of states qualify for annual 2.5% adjustors through 2001, because they were determined to be states with historically low federal welfare spending or above-average population growth. Otherwise, state grants stay constant through FY 2002 unless a state qualifies for a bonus or a penalty in a year. 42 U.S.C. § 603.

(1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

(2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;

(3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and

(4) encourage the formation and maintenance of two-parent families.[2]

A state can also transfer up to 30% of its TANF funds to the Child Care and Development Block Grant and to the Social Services Block Grant (Title XX), subject to certain limits.[3] In addition, under a "grandfather clause," a state can spend TANF funds in any way that was previously authorized under a set of programs.[4]

- **A state maintenance of effort (MOE) requirement:** To avoid a fiscal penalty, a state must spend at least a certain amount of state money for benefits and services for "needy families" with children. The state's MOE obligation is 80% (or if the state meets TANF work participation rates, 75%) of the amount that the state spent in 1994 for a set of federal programs. To count toward MOE, expenditures

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[2] For an overview of allowable spending under TANF, see U.S. Department of Health and Human Services, *Helping Families Achieve Self-Sufficiency: A Guide to Funding Services for Children and Families Through the TANF Program (1999)*, http://www.acf.dhhs.gov/programs/ofa/funds2.htm.

[3] While a total of 30% can be transferred, no more than 10% can be transferred to Title XX, and Title XX transfers must be for services to children and their families below 200% of poverty. Beginning in FY 2002, no more than 4.25% of TANF funds may be transferred to Title XX. Funds transferred to another block grant become subject to the rules of that other block grant rather than to TANF rules. 42 U.S.C. § 604.

[4] Unless otherwise prohibited, the state may spend its block grant funds in any way previously authorized under the AFDC, JOBS, Emergency Assistance, AFDC Child Care, Transitional Child Care, or At-Risk

must be reasonably calculated to accomplish a TANF purpose and must be for needy families. The state has broad discretion in setting the income level to define "needy families." The state is free to decide whether MOE expenditures will be made in the state's TANF program or in a "separate state program" not subject to TANF requirements. [5]

- **Broad state discretion in designing an assistance program, with no federal entitlement to assistance:** The state determines which families are eligible, how long they are eligible, how much assistance they receive, etc. Federal law prohibits the state from using TANF funds to assist certain categories of people,[6] but there is no requirement that a state provide assistance to any family or group of families.
- **A distinction between assistance and non-assistance:** Key requirements such as time limits and work requirements apply to those receiving "assistance." Assistance is defined to include payments designed to meet ongoing basic needs and supportive services (such as child care and transportation) for families that are not employed.[7]

Child Care programs in effect on September 30, 1995, or at state option, August 21, 1996. 42 U.S.C. § 604(a)(2).

[5] MOE levels can be found at http://www.acf.dhhs.gov/news/welfare/stalloc/moetable.htm. For a more detailed discussion of MOE requirements, see Greenberg, M., The *TANF Maintenance of Effort Requirement*, Center for Law and Social Policy, 1999, http://www.clasp.org/TANF/moerev.htm#top.

[6] For example, with limited exceptions, the law prohibits states from using federal TANF funds to provide "assistance" to unmarried, minor, custodial parents unless they are participating in school or training and living with relatives or in another adult supervised setting. 42 U.S.C. § 608(a)(4) & (5). There are also certain prohibitions dealing with fugitive felons (42 U.S.C. § 608(a)(9)), drug felons (42 U.S.C. 862a) and those who previously obtained benefits through fraudulent means (42 U.S.C. § 608(a)(8). Finally, the law prohibits states from providing benefits to certain immigrants (8 U.S.C. § 1611 et seq.).

[7] For a discussion of the significance of the assistance/non-assistance distinction in designing state policies and programs, see Greenberg, M. and Savner, S., *The Final TANF Regulations: A Preliminary Analysis*, Center for Law and Social Policy, 1999, http://www.clasp.org/pubs/TANF/finalregs.PDF; and Greenberg, M., *Beyond Welfare: New Opportunities to Use TANF to Help Low Income Working Families*, Center for Law and Social Policy, 1999, http://www.clasp.org/pubs/TANF/markKELLOGG.htm.

- **A time limit on federally-funded TANF assistance:** The state may not use federal TANF funds to provide assistance to a family that includes an adult who has received federally-funded TANF assistance for sixty months; the state may allow exceptions for up to 20% of families receiving assistance.[8] The federal time limits do not apply to use of MOE or other state funds and do not apply to benefits and services that do not fall within the definition of "assistance."
- **Federal participation rate requirements**: The law sets participation rates for families receiving TANF assistance, and a state risks a fiscal penalty if it does not meet these rates. One rate is calculated for all families receiving assistance and a higher rate is applied to two-parent families. To count toward participation rates, an individual must be involved in one of a listed set of work-related activities for a specified number of hours each week throughout the month.[9]
- **Sanctions for non-compliance:** The law requires states to reduce or terminate assistance grants in two situations: (1) where an individual refuses to comply with the work requirements of the statute;[10] and (2) where an individual does not cooperate with child support enforcement.[11] In addition, a state may impose sanctions for failure to comply with state created requirements.[12] The exception is that a state may not reduce or terminate assistance for an individual's failure to

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[8] Stated more precisely, the time limit runs in each month in which an adult or minor parent head of household (or spouse of the head of household) receives federal TANF assistance. The allowable 20% exceptions may be provided by reason of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty. 42 U.S.C. §608(a)(7); 45 C.F.R. §264.1.
[9] 42 U.S.C. § 607.
[10] 42 U.S.C. § 607(e).

comply with work requirements when that individual is a single custodial parent of a child less than 6 years of age and the individual demonstrates an inability to obtain needed child care.[13]

[11] 42 U.S.C. § 608(a)(2).
[12] 42 U.S.C. § 608(b)(3).
[13] 42 U.S.C. § 607(e)(2).

Appendix II: Overview of Major Child Welfare Programs

The nation's child welfare system seeks to protect children by: preventing abuse and neglect; investigating reports of such maltreatment and removing children from abusive or neglectful homes when necessary; providing supports to families so that children may remain in or return to their homes safely; and providing alternative homes for children who cannot safely return to their families. There are a number of federal programs that seek to achieve those goals. Several of the major child welfare programs are highlighted below.

- **Child Welfare Service Program:** This program, authorized under Title IV-B, subpart 1, of the Social Security Act (42 U.S.C. § 622 et seq.), provides matching funds to states for a wide range of child welfare services. The definition of services that can be supported includes services aimed at: "(A) protecting and promoting the welfare of all children. . . .; (B) preventing or remedying . . . the neglect, abuse, exploitation or delinquency of children; (C) preventing the unnecessary separation of children from their families . . .; (D) restoring to their families children who have been removed . . .; (E) placing children in suitable adoptive homes . . .; and (F) assuring adequate care of children away from their homes . . .." Funding for this program is discretionary and capped at $325 million, although recent appropriations have not reached the authorization level (the appropriation for FY 2001 was approximately $292 million).[1] State allocations are determined on a formula basis and within that allocation states

[1] U.S. Department of Health and Human Services, Administration for Children, Youth and Families, Program Instruction, ACYF-CB- PI-01-03, February 14, 2001. The precise amount was $291,986,00.

may draw down three federal dollars for every one dollar of state money spent in the program.

- **Promoting Safe and Stable Families:** This program, authorized under Title IV-B, subpart 2, of the Social Security Act (42 U.S.C. § 629 et seq.), provides states matching funds for a set of family support, family preservation, time limited reunification and adoption support services. Federal funding for the program is a capped entitlement ($305 million in FY 2001) and states are awarded funds on a formula basis. Up to the amount of their allocation, states are generally entitled to a 75% federal share for the costs of the program. The program was initially created as the Family Preservation Program in 1993, but was renamed and modified as part of the Adoption and Safe Families Act of 1997.
- **Foster Care Maintenance Program:** This program, authorized under Title IV-E of the Social Security Act (42 U.S.C. 670 et seq.), guarantees reimbursement to states for a portion of the foster care costs of certain children. A child is entitled to federally funded foster care maintenance payments if: (1) he or she is removed from the home of his or her parents or specified relatives pursuant to a voluntary placement agreement or judicial order; (2) responsibility for the care and placement of the child rests with the child welfare agency; and, (3) at the time of removal, the child's family meets the state's 1996 AFDC eligibility criteria. (42 U.S.C. § 672; 45 C.F.R. Parts 1355, 1356,1357) The federal government reimburses states at their Medicaid matching rate for each eligible child. In addition, the federal government reimburses states for certain training expenses at a 75% match rate and for administrative expenses and certain child placement

costs at a 50% match rate. In FY 1999, the federal government estimates that it spent approximately $4 billion for the Foster Care Maintenance Program.[2]

- **Adoption Assistance Program:** This program, authorized under Title IV-E of the Social Security Act (42 U.S.C. § 670 et seq.), provides financial assistance to adoptive parents on behalf of certain children with special needs. Although states have discretion defining "special needs," a child generally meets the criteria if he or she has a condition that makes in unlikely that he or she will be adopted absent financial assistance. (42 U.S.C. § 673; 45 C.F.R. Parts 1355, 1356, 1357) The adoptive parents of a child with special needs are entitled to payments for certain non-recurrent adoption expenses. In addition, if the child meets the eligibility criteria of the states 1996 AFDC plan or the eligibility criteria for Supplemental Security Income (SSI), the state may provide the parents with on-going assistance payments and seek reimbursement from the federal government at the states Medicaid match rate. As with the Foster Care Maintenance Program, states are entitled to reimbursement for certain training costs at a 75% federal match rate and for administrative costs and certain child placement activities at a 50% match rate. For FY 1999, the federal government estimates that it spent $843 million on the Adoption Assistance Program.[3]
- **Chafee Independent Living Program:** This program, authorized under Title IV-E of the Social Security Act (42 U.S.C. § 677), provides services to help adolescents transition from foster care to living on their own. The program was revised in 1999 to allow states to serve more youth, including those between the

[2] Committee on Ways and Means, U.S. House of Representatives, *2000 Green Book*.
[3] Committee on Ways and Means, U.S. House of Representatives, *2000 Green Book*.

ages of 18-21. The modified program allows states to use a portion of their funds to provide housing assistance to these older youth and also creates a state option to cover older youth through Medicaid. The funding is a capped entitlement of $140 million annually and the federal share of the costs, within a state's allocation, is 80%.

- **Child Abuse Prevention and Treatment Act:** There are several programs authorized under this act, 42 U.S.C. § 5101 et seq. One program provides funding and guidance to states to improve their child protective services systems (e.g. the investigation and prosecution of child abuse and neglect cases.) The Act also provides funding for innovative research and demonstration projects and for community-based family resource centers. The authorization level for all three programs is $166 million.[4] However, Congress rarely funds these programs at the authorization level. In FY 2001, Congress appropriated $21 million for the state grant program.[5] In FY 2000, a little over $18 million[6] of discretionary funds were spent on research and demonstration projects and about $33 million[7] was awarded under the Community-Based Family Resource Centers Program. CAPTA also authorizes the Adoption Opportunities Program, which provides funding for demonstration projects that seek to eliminate barriers to adoption, particularly for

[4] 42 U.S.C. 5106h(a); 42 U.S.C. 5116i.
[5] U.S. Department of Health and Human Services, Administration for Children, Youth and Families, Program Instruction, ACYF-CB- PI-01-03, February 14, 2001. The exact amount was $21,026,000
[6] See, description of programs, including appropriations and allotments, at http://www.acf.dhhs.gov/programs/cb/programs/discretionary.htm
[7] See, description of programs, including appropriations and allotments, at http://www.acf.dhhs.gov/programs/cb/programs/state.htm

children with special needs. Congress appropriated $27 million for this program for FY 2001.[8]

- **Other Programs Providing Child Welfare Services:** There are a number of other federal programs states rely upon to provide child welfare services. Two of the most significant are Title XX and Medicaid. In 1996, the Urban Institute estimated that 16% of federal child welfare spending came from Title XX. An additional 13% of federal spending on child welfare came from Medicaid. This figure does not include routine medical care provided to foster care children who are eligible for Medicaid. Rather, it represents state spending on specific child welfare related services, such as targeted case management and rehabilitative services.[9] For 1998, the Urban Institute estimated that the share of federal child welfare spending attributable to Title XX rose to 19%, while spending from Medicaid fell to 12%.[10]

[8] See, description of programs, including appropriations and allotments, at http://www.acf.dhhs.gov/programs/cb/programs/ao.htm

[9] Geen, R., Waters Boots, S. and Tumlin, K.C. *The Cost of Protecting Vulnerable Children: Understanding Federal, State and Local Child Welfare Spending* available at http://newfederalism.urban.org/html/occa20.html.

[10] Bess, R., Leos-Urbel, J. and Geen, R., *The Cost of Protecting Vulnerable Children II: What Has Changed Since 1996?* The Urban Institute: February 2001.

Appendix III: Child Welfare Provisions in the 1996 Welfare Law

The debate about "ending welfare as we know it" included a proposal to consolidate a number of federal child welfare programs into a child welfare block grant. Proponents of the block grant argued that it would enhance state flexibility and create the opportunity to increase investments in prevention and reunification services. Opponents contended that the block grant structure would remove essential protections for children, jeopardize their safety, and end assurance of federal funding for children who need to be removed from their homes. In the end, the 1996 welfare law did not include a child welfare block grant. Indeed, the legislation made few *direct* changes or links to child welfare programs. Specifically, the 1996 law included provisions that:

- **Required continuation of state foster care maintenance and adoption assistance programs:** To be eligible to receive any TANF funds, a state must certify in its TANF plan that it will maintain its IV-E foster care maintenance and adoption assistance programs.
- **Tied IV-E eligibility criteria to AFDC standards:** To be potentially eligible for IV-E foster care and adoption assistance, a child must be removed from a family that would have received or been eligible for aid under the state's AFDC plan in effect on July 16, 1996.[1] In addition, a child may also be eligible for adoption assistance payments if he or she is eligible for SSI, the criteria for which were restricted by the 1996 law.

[1] The 1996 welfare law referenced the AFDC plan in effect on June 1, 1995, but technical corrections in the Balanced Budget Act of 1997, Public Law 105-33, altered this date to July 16, 1996 in order to harmonize this provision with the comparable "look-back" provision for Medicaid. The child must meet

- **Required consideration of kinship care:** The 1996 law requires states to *consider* giving preference to kin when placing a child outside the home, provided the relative meets all the state child protection standards.
- **Funded a national longitudinal study:** The 1996 law appropriates $6 million annually, for each of the years 1996-2002, to conduct a random sample study that follows maltreated children and children at risk of abuse or neglect for a period of several years.
- **Permitted for-profit child care institutions to receive foster care maintenance payments:** The 1996 law altered the definition of "child care institution" to include for-profit, as well as non-profit and public, institutions that meet the state licensing standards and care for no more than 25 children.
- **Extended enhanced funding for data systems through 1997:** The 1996 law extended the enhanced matching rate available for implementation of the required child welfare data system, the Statewide Automated Data Collection Information Systems (SACWIS), through 1997.
- **Permitted TANF spending on an array of child welfare services:** The TANF purposes are broad enough to allow states to spend TANF funds for a range of child welfare services.

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the dependency and deprivation provisions of the AFDC law in effect at that time, as well as the state income criteria set forth in its plan.